

Message Text

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TAGS: EFIN, SZ

SUBJ: TWO AMERICAN CONTROLLED ZURICH BANKS TO CLOSE

1. IN DISCUSSIONS WITH TOP EXECUTIVES WITH BANKS INVOLVED WE HAVE VERIFIED RUMORS CIRCULATING IN ZURICH BANKING COMMUNITY THAT TWO PRIMARILY AMERICAN CONTROLLED BANKS ARE PHASING OUT OPERATIONS HERE AND WILL BE ENTIRELY OUT OF BUSINESS WITHIN FROM SIX MONTHS TO ONE YEAR.

2. THE FIRST IS BANK FIRESTONE, A SUBSIDIARY OF FIRESTONE TIRE AND RUBBER INC., OF AKRON AND THE OTHER IS BANKINVEST (BANK FOR INVESTMENT AND CREDIT) CONTROLLED BY A CONSORTIUM OF COOPORATE OWNERS INCLUDING BOEING, BROWN AND ROOT, FEDERATED CAPITAL COOP, MINUTE MAID AS WELL AS SEVERAL CANADIAN AND BRITISH FIRMS.

3. IN BOTH CASES, LIABILITIES WILL BE FULLY MET. THE CLOSURES, THEREFORE, ARE NOT CONSIDERED TO BE BANK FAILURES. ON THE OTHER HAND, WE UNDERSTAND THAT RECENT OPERATIONS HAVE NOT BEEN SUFFICIENTLY

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PROFITABLE AND THAT THIS WAS A FACTOR IN THE

DECISIONS OF THE CORPORATIONS CONTROLLING THE
BANKS.

4. BOTH BANKS REPORTEDLY WERE DEEPLY INVOLVED

IN INTERBANK BUSINESS. FOLLOWING RECENT DRAMATIC
BANK FAILURES, THIS TYPE OF BUSINESS TENDED TO
AVOID SMALLER BANKS AND GO ALMOST ENTIRELY TO
LARGER WELL ESTABLISHED MAJOR BANKS.

5. IN EACH CASE, EFFORTS HAVE BEEN MADE TO SELL
OUT TO ESTABLISHED INSTITUTIONS. WE GATHER,
HOWEVER, THAT FIRESTONE HAS NOW VIRTUALLY
ABANDONED THE IDEA BUT THAT BANKINVEST
IS STILL HOPEFUL THAT A BUYER CAN BE FOUND.
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